Hussein Al-Rimmawi / Stephen Butcher


Abstract

Within the Holy Land, Bethlehem is a must see destination. Bethlehem’s permanent and inherent desirability endows tourism-related businesses located there with a sustainable foundation for economic growth and a comparative advantage within the regional and global tourism markets. This study analyzes trends in Palestinian tourism and hospitality industries within the city of Bethlehem in the West Bank of the State of Palestine from 1994-2015. According to the research findings from time series and index number methods, hospitality and tourism indicators in Bethlehem oscillated with changes in the local political and economic environment and shifts in the global economic climate. The recent elevation of the stature of the State of Palestine in the international community and its steps toward future full statehood could mark a new era for cooperation between Palestine and Israel, assuming increased international pressure to do so. The study’s findings support policies advocating greater economic cooperation between Palestinians and Israelis as a means of promoting sustainable peace through economic liberalization of the Palestinian economy, beginning with tourism-related activities.

Key words: tourism trends; index numbers; comprehensive peace; Bethlehem; Palestine.

Introduction

Sen (1999) demonstrated that peace and prosperity are intertwined. In locations lacking economic opportunities for locals, a large unemployed and spatially-confined youth population constitutes a vulnerable demographic to violent activism spurred by persistent economic disenfranchisement and festering political dissatisfaction. Conversely, while economic sector growth is not the only path to peace, economic development leading to lower unemployment and poverty rates, as well as fostering feelings of inclusion in political and economic processes, is a viable means of establishing civil stability and cooperation in hitherto marginalized populations.

This ideology of ‘peace through prosperity’ need not follow a typical neoliberal agenda with its lassie-faire economics. Specific development projects can be locally-based and regulated to provide employment and entrepreneurial opportunities and an increased tax base for the developing community without overreliance on foreign direct investment and external constraints. In locations in high demand in the tourism market, yet also undergoing enduring civil strife and periods of conflict, tourism development constitutes ideal conditions for Sen’s development for peace agenda.

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While we agree with Sen’s ideology of peace through development, we also recognize the position of Hall, Timothy, and Duval (2003) “that tourism has very little influence on peace and security issues, at least at the macro-level, and that tourism is far more dependent on peace than peace is on tourism.” (p. 3) Our stance on the relationship between economic development of tourism and peace in a given location is that, over time, equitable economic development aiding local populations will reduce the socioeconomic conditions enflaming civil unrest that promote persistent violence at a local level leading to macro-level insecurity environments. Of course, in all peace negotiations a certain amount of trust, respect, and sincerity towards peace must exist on all sides to build a lasting peace (Coy & Woehrle, 2000).

A relevant case study is the Holy Land of Israel and Palestine. The ongoing asymmetrical struggles between Israelis and Palestinians over this world cultural heritage region has stifled the full potential of tourism to this region, with the greatest negative impact on Palestinian tourism-related industries (Fleischer & Buccola, 2002; Cohen-Hattab, 2004; Gelbman, 2008; Issac, 2009, 2010a, 2010b, 2013; Chaitin, 2011; Al-Rimmawi, Al-Khateeb & Kittaneh, 2013). Israel partly justifies its occupation strategies in Palestine through security concerns, whereas Palestinian resistance and opposition to the State of Israel largely flows from the expansion of Israeli settlements in Palestinian territory and the stifling security and oppressive policies enacted in the occupation of Palestinian territory by Israel. Retaliation by Palestinian and non-Palestinian actors on Israeli settlements, IDF forces, or Israeli citizens subsequently becomes fodder for justifying continued Israeli occupational policies. These events perpetuate a cycle of violence and mistrust on both sides and must end if any future peace is to be realized. This paper was written from the perspective that the reduction of hostilities and increased quality of life for both sides could be realistically achieved through cross-border cooperation in a ‘peace through prosperity’ plan. The unique character of the Holy Land, and Bethlehem in particular, centralizes tourism and hospitality in policies of economic development and thus, any peace through prosperity plan would have tourism-related industries at its core.

This paper begins with a brief geographical overview of the study area. The demographic and economic attributes of the area are pertinent in that they are indicators of civil unrest within a context of unmet potential and stifling security. Conversely, they can also be interpreted as indicators of potential growth if developed through economic liberalization for Palestinian-owned businesses and potential entrepreneurs. The study area overview section is followed by a review of literature on tourism and hospitality germane to this project. The subsequent methods and findings and discussion sections introduce the statistical approach to tourism and hospitality data analysis and then describe the resulting relationships between oscillations in tourism and hospitality numbers in Bethlehem and important regional and global events temporally correlated with them. Figures on tourism and hospitality numbers as well as reviews of economic plans for the Bethlehem Governate are then introduced and explained. The findings and discussion section also details the link between the demographic makeup and entrepreneurial potentials of Bethlehem in tourism-related markets. The article ends with concluding remarks about recent shifts in international attitudes toward Palestine and its developmental prospects for peace and prosperity in Bethlehem vis-à-vis tourism and hospitality development.
Geography of Bethlehem

Bethlehem is the administrative capital of Bethlehem Governate, which has 10 municipalities, 3 refugee camps, and 58 rural communities (ARIJ, 2010). It is located 10 kilometers south of the city of Jerusalem and covers an area roughly 650 km² (Figure 1). The Oslo II Agreement divided the Governate as follows: Area A 7.5% (under Palestinian control), Area B 5.5% (under Palestinian administrative control yet under Israeli security control), Area C 66% (under Israeli control) and natural reserve roughly 20%, wherein the Governate’s total population in 2007 was roughly 176,000 Palestinians and 86,000 Israeli settlers (UN OCHA, 2009).

Figure 1
Governate of Bethlehem - economy and tourism in Bethlehem

According to the Palestinian Central Bureau of Statistics (2010), Bethlehem Governate’s labor force participation after the recession of 2008-2009 was 46% (West Bank overall 43%), employment was 81% (West Bank overall 81%), unemployment was 19% (West Bank overall 15%) and daily wage average was approximately $27 (West Bank overall $26). Bethlehem is the work location of 86% of its own employed persons aged 15 years and over, whereas 5% of its labor force works elsewhere within Palestine and 9% works in Israel. Bethlehem’s division of labor includes: government or other administrative employees (30%), various services (25%), trade (23%), industry (18%), Israeli labor market (3%), and agriculture (1%). Bethlehem’s economic and industrial activities include the “industry of eastern artifacts (shells and wood), stone quarries, and concrete and textile factories, in addition to 73
different workshops (blacksmith, carpentry, and aluminum), 37 butcheries, 26 bakeries, 95 grocery, 185 clothing store, 300 different retail commercial stores such as car parts, carpets, and flowers, 500 different services stores, and 132 grocery stores” (ARIJ, 2010, p. 13).

Decades ago, Bethlehem was on the verge of being connected with Jerusalem, which would have established a viable and necessary linkage to a major global tourism destination hub. But, Israeli settlements and the partition wall broke that link and physically separated Bethlehem from Jerusalem. In 2004, the UN General Assembly reaffirmed the standing judgment of the International Court of Justice that the wall violates international law and called on Israel to demolish or relocate it to the Green Line (ICJ, 2004). However, no significant action was taken. According to UN OCHA (2014), the wall is just over 60% complete of its projected 712 km length. It is 85% inside the West Bank and it will annex 10% of the territory of the West Bank into Israel. Nearly half of the Israeli settlements in the West Bank are located in the annexed sections of Palestine by way of the wall. It breaks up the continuity of daily life, destroys precious arable land, cuts off populations from water resources, and places hindrances to people’s lives and businesses. These are more than mere inconveniences as they affect every aspect of daily life, including children missing school days, labor kept from work, patients unable to visit physicians, families and friends divided, religious rituals and ceremonies disrupted, and so on. As the construction of this wall continues, potential Palestinian economic development in all sectors decreases. Palestinians and tourists are blocked from shuttling directly between Bethlehem and Jerusalem as the iconic Holy Land landscape is being transformed to fit an exclusively Israeli vision (Cohen-Hattab, 2004; Gelbman, 2008; Al-Rimmawi, 2009; Issac, 2009, 2010a, 2010b, 2013; Issac & Hodge, 2011; Chaitin, 2011; Al-Rimmawi, 2003; Al-Rimmawi, Al-Khateeb & Kittaneh, 2013).

Israeli occupation and policy restrictions have created a high percentage of educated and yet unemployed young people. With approximately 27% unemployment in 2014, nearly 40% unemployment for young adults, economic alienation, political disenfranchisement, and the emotional call to political activism is high (Bethlehem Municipality, 2015). These are understandable, but unproductive, attitudes for developing a sustainable, prosperous economy. What is needed in the short-term is hope for economic opportunities for this growing demographic and trust that current and future political action will work toward positive political and economic goals.

Literature

Tourism should be understood as “a composite concept involving not just the temporary movement of people to destinations that are removed from their normal place of residence but, in addition, the organization and conduct of their activities and of the facilities and services that are necessary for meeting their needs” (Williams, 1998, p. 3). In several world heritage destinations, tourist needs entail safety and security. This is particularly true of Holy Land tourism (Sonmez, 1998; Fleischer & Buccola, 2002; Cohen-Hattab, 2004; Cohen-Hattab & Shoval, 2007; Gelbman, 2008; Issac, 2013; Chaitin, 2011; Al-Rimmawi, 2009; Al-Rimmawi, Al-Khateeb & Kittaneh, 2013). Interestingly, an important psychological aspect of pilgrimage (religious tourism) is enduring hardship during the travel experience. Thus, pilgrims will visit important sacred spaces of insecurity because it amplifies the feelings of devotion in the pilgrimage (Bhardwaj, 1973; Collins-Kreiner, Kliot & Mansfeld, 2006).
Sacred places are interesting locations in that, if negotiated amicably and managed sustainably, they are potential generators of economic growth and a reason for cooperation amongst antagonistic groups. When managed asymmetrically, they incubate antagonisms and conflict, which reduces the desirability of this location for foreign tourists (Sonmez, 1998; Sonmez & Graefe, 1998; Cohen-Hattab, 2004; Neumayer, 2004; Hall, 2013).

This paper contributes to the growing number of reports on political insecurity and tourism as well as the peace through tourism development literature, specifically in the Holy Land region. The literature on security risks in tourism center on crime, health risks, and potential political violence including war, civil unrest, and terrorism (Floyd, Gibson, Pennington-Gray & Thapa, 2003). Sonmez (1998), Sonmez and Graefe (1998), and Neumayer (2004) demonstrate that political violence threats are the strongest deterrents of tourist flows to a particular region. Therefore, political instability of a location tends to produce the greatest influences on tourist behaviors compared to other perceived threats. The international perception of the Holy Land as insecure and unsafe for tourists at various times over the study period is pertinent to the question of whether or not tourism indicators fluctuate with historical occurrences of political unrest. Thus, this paper fits within the concerns and theoretical underpinnings of this literature on tourism and security. The literature review covers the two underpinnings of this project, security in tourism and peace through tourism development.

The literature on tourism and security risks began as specific reports on particular locations or events effecting tourism based on a variety of security and management issues. Pizam and Mansfeld (1996) edited volume is a value entry point to security as a central theme in the history of tourism studies and provide an early theoretical consolidation of issues and concerns in tourism and security studies, (Wahab, 1996; Hall & O’Sullivan, 1996) in particular for political insecurity and tourism. The subsequent growth of the field spurred a revision, Tourism, Security and Safety (Mansfeld & Pizam, 2006), an edited volume of seminal papers and progress reports on the literature on several key issues. Authors provided a greater theoretical refinement and better conceptual distinctions between security concerns of crime, safety, crisis management, environmental and natural hazards, and terrorism related to tourism. It also proffered (Pizam & Mansfeld, 2006) a much needed theoretical underpinning for the field. Of particular importance for consolidating theory and method in tourism security studies was the inclusion of in-depth categorizations and underlying mechanisms of risky tourist locations and practices, types of threats, and tourists’ perceptions of vulnerability and safety concerns, which serves as a field-specific ‘grounded theory’ for tourist studies vis-à-vis safety, security, and management.

Literature on political insecurity and tourism in the Holy Land focuses on either Israeli or Palestinian industries in the context of conflict and political instability due to the asymmetrical territorial struggle between Palestinians and Israelis. Bar-On (1996) and Al-Rimmawi (2003) provide early regional assessments of the negative effects of political instability on tourism most affected by the First Intifada. Fleischer and Buccola (2002) review the tourism and hospitality indicators for the Israeli tourism industry from 1990 to 2000. Increases in hotel occupation and travel inflows showed a steady increase from 1993 to 2000, which was the period between the Oslo Accords and the Second Intifada. Their study covered a shorter timeframe than this paper, ended before the Second Intifada, and focused on Israeli tourist industries, whereas this report is interested in Palestinian tourist industries over a longer timeframe and analyzes different indicators, but there are general similarities between the two. Another
parallel paper is Al-Rimmawi, Al-Khateeb, and Kittaneh (2013) that analyzes trends in tourism in Palestine in relation to Jordan and Israel. The study shows that the obstructions of occupation and international borders creates a relative disadvantage for Palestinian businesses whereas Jordan and Israel reap the rewards of tourism flows around Jerusalem and across the Jordan river through the Allenby Bridge, areas cutoff to Palestinian businesses.

Regarding the peace through tourism literature, specific to the Holy Land, two lines of reasoning are explored most heavily. The first details the Israeli occupation and control of Palestine and Palestinian spatial flows via the wall and checkpoints. This extends also to the restrictions on economic institutions, foreign investment, and permits for development of Palestinian businesses in Israeli controlled areas of Palestine. The second details the existing potentials for growth of Palestinian businesses and its implications for peace between Israel and Palestine. This paper traverses both narratives with emphasis on the latter.

Issac (2009, 2010a, 2010b, 2013) detail the specific ways in which Israeli occupational strategies and tactics have undermined Palestinian economic growth in the tourism and how ‘Alternative Tourism’ – tourism experiences deliberately circumventing Israeli tourism – can form a counter strategy for Palestinian tourism industries. Issac (2010b, 2013) are particularly critical of cooperation strategies with Israel in that they implicitly legitimize the occupation and superior position of Israeli institutions in governing Palestine. Cooperation, in this case, should be one of Israeli deregulation of Palestinian business and not merely cooperation with Israeli institutions that “work together with the Palestinian National Authority (PNA) to implement “development” schemes that treat the Occupation as a partner rather than an occupier, thus normalizing the existing patterns of domination, rather than enhancing Palestinian capacity to develop independently.” (p. 20) Alternative tourism, also referred to as activist or justice tourism or tourism for peace (Salazar, 2006; Chaitin, 2011), is an attempt to build the Palestinian economy through tourism without Israeli cooperation. Alternative tourism should be a pillar of tourism development for Palestinians, but not the only means of tourism development.

Important works by Sonmez (1998), Mansfeld (1999), Wahab (2000), Cohen-Hattab and Katz (2001), Collins-Kriener, Kliot and Mansfeld (2006), Collins-Kriener et al. (2006), Daher (2006), and Hazbun (2006, 2008) look at the realities of tourism in the Middle East overall or across the Holy Land on a more general level. This literature provides a necessary historic and regional approach within which to understand Palestinian-owned tourism in Bethlehem. This paper, on the other hand, analyzes the impacts of political instability on tourism on a more local scale, putting tourism in proper economic and political context. This scale resolution puts Palestinian tourism under the harsh realities of Israeli occupation. We find instances of such work in Bar-On (1996), Al-Rimmawi (2003, 2009), Cohen-Hattab (2004), Cohen-Hattab and Shoval (2007), Stein (2008), Isaac (2009, 2010a, 2010b, 2013), Gelbman (2008), Issac and Hodge (2011), and Al-Rimmawi, Al-Khateeb, and Kittaneh (2013). These important critiques on the political realities of Palestinian tourism call to action a political as well as academic conscience in support of the people and important heritage sites of Palestinians continually undergoing systematic erasure from a landscape being remade into an Israeli geographical imagination (Said 1980, Gregory, 2005). In addition, Palestinians on daily bases are affected by Israeli occupational forces that are designed to render them less mobile in the West Bank (Gelbman, 2008; Harker, 2009; Issac, 2009; Selwyn, 2010; Chaitin, 2011).
Despite claims after the Cold War that the New World Order would be borderless, in fact, borders are more prevalent in politics around the world than ever before (Newman, 2006; Paasi, 2005). Border Studies in Geography has demonstrated through numerous examples around the world that now more than ever borders are crucial political devices used to dismantle collective identities and integrated territories (Denham & Lombardi, 1996; Michaelsen & Johnson, 1997; Kolossov, 2005; Nicol & Minghi, 2005; Brunet-Jailly, 2005; Selwyn, 2010). The wall is an example of the importance of borders in contemporary geopolitics (Cohen-Hattab, 2004; Gelbman, 2008; Suleiman & Mohamed, 2011, 2012; Chaitin, 2011; Issac, 2009, 2013). It is an exemplar of the processes of these geopolitical borderings (Newman, 2006; Brunet-Jailly, 2007; Jones, 2009; Butcher, 2012), that is spatial practices deliberately reifying differences in the cultural landscape and provoking schisms within a targeted people’s social, political, and economic unity.

This paper’s concerns center on the relationship between political instability, economic hardship, and asymmetrical conflict in a location, Bethlehem, in high demand in the international tourism market. A descriptive statistical analysis approach was applied to economic and demographic data, in addition to historical occurrences during the timeframe in global economics and local conflicts, vis-à-vis fluctuations in tourism and hospitality numbers from 1994-2011. The ideological considerations of the paper emanate from the position that peace and prosperity are intertwined and that the goal of tourism-related development in the study area should lead to equitable access and representation for both Israelis and Palestinians.

Methodology

This section describes the methods used in analyzing tourism and hospitality data for Bethlehem from 1994 to 2011. The data for tourism and hospitality indicators came from the UN World Tourism Organization, whereas supplementary data on regional accords and conflicts, demographic changes in Bethlehem over the research timeframe, as well as current employment, and economic sector analysis came from a variety of institutions local to the study area. Descriptive statistical analysis is a means of exploring data through different techniques to find statistical trends in multivariate data. In particular, we used tourist inflow and hospitality numbers into the study area as index numbers are graphed this longitudinal data as time series to find temporal linkages between historical events and trends in tourism and hospitality into the study area.

Findings and discussion

In this section we discuss the trends in tourism and hospitality numbers in Bethlehem from 1994-2011 and some important implications of those trends. In essence, data demonstrated that when regional insecurity and restrictions on travel access were high, or when global economic recessions were present, tourism declined. When conditions for tourism were generally favorable they rose. These are expected results that demonstrate a positive correlation between tourism-related industries’ economic growth and incidence of political insecurity. Reduction in these periods of risk for travelers conversely stimulates economic growth in tourism. This section provides context and elaboration upon the nature of these correlations.
Tourism-related economic growth in Bethlehem: Background and Oslo

In the aftermath of the Six Day War, Israel had effectively quarantined the West Bank and Gaza Strip from potential global tourism either through the obstructive realities of the occupation or due to the negative representations of Palestinians seen in Western media (Al-Rimmawi, 2003; Cohen-Hattab, 2004). This severely hampered tourism flows to the profound archaeological heritage of the West Bank and all its associated growth potential. Then, in the 1980s, Jordan took a central in creating a desirable investment climate for regional tourism in part as a path to support neighboring Palestinian economic growth (Hazbun, 2008; Stein, 2008; Al-Rimmawi, 2003). Later, from Oslo to the Second Intifada (1993-2000), both Jordan and Israel invested heavily in regional tourism capacity. However, under Oslo, Israeli tourist itineraries expanded to include Palestinian sites and Arab-owned tourism-related industries, especially hospitality services and local handicrafts. The conservative backlash to the perceived concessions Palestinians were getting in the Oslo process led to escalating events and the eruption of the 2000 uprising that ended the period of inclusion and cooperation and the growth seen in Palestinian tourism (Stein, 2008) (Table 1). Isaac (2010b) describes the peace process as a bait-and-switch ploy with the end game of expanding Israeli ‘realities on the ground’. The expansion of tourism in Palestine during this period, then, could be attributed to a land grab tactic that facilitated the sprawl of Israeli tourism-industry and settlers as a part of an Israeli West Bank integration strategy. Regardless, the post-Intifada tourism climate in the West Bank was much different than the Oslo environment. The Palestinian tourism industry, in comparison to Israeli tourism operating in Palestine, was hit hard in the aftermath of the uprising and has since not appreciably recovered.

Table 1
Index numbers of tourism indicators in West Bank, Palestine 1999-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Hotels</th>
<th>Rooms</th>
<th>Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2000</td>
<td>103</td>
<td>97</td>
<td>98</td>
</tr>
<tr>
<td>2001</td>
<td>97</td>
<td>84</td>
<td>86</td>
</tr>
<tr>
<td>2002</td>
<td>94</td>
<td>85</td>
<td>84</td>
</tr>
<tr>
<td>2003</td>
<td>109</td>
<td>78</td>
<td>81</td>
</tr>
<tr>
<td>2004</td>
<td>138</td>
<td>129</td>
<td>130</td>
</tr>
<tr>
<td>2005</td>
<td>118</td>
<td>104</td>
<td>104</td>
</tr>
<tr>
<td>2006</td>
<td>119</td>
<td>101</td>
<td>103</td>
</tr>
<tr>
<td>2007</td>
<td>110</td>
<td>94</td>
<td>96</td>
</tr>
</tbody>
</table>

Tourism indicators in Bethlehem: Second Intifada and aftermath

Table (1) illustrates hospitality and tourism indicators in the West Bank during the period between 1999 and 2011. These indicators such as number of hotels, hotel rooms and beds, illustrate that the base year of 1999 was the best, in which the numbers of every indicator was highest. This was due to the period of calm between Palestinians and Israelis resulting from the Oslo Accords. Implementations on both sides and high international expectations for prolonged peace in the region stimulated growth in tourism numbers. The year of 2000 was a turning point as peace talks between Palestinians and Israelis in Washington reached a dead end. Soon after, several incidents incited animosity between the two sides. One event in particular crossed the line with Muslims everywhere. In this case, former Israeli Prime minister Ariel Sharon, a particularly antagonistic character in Israeli-Palestinian relations, in a purposefully provocative move visited Al-Aqsa mosque with armed guards. This stunt was the spark that set off the Second Intifada. In five days of clashes between armed Israeli Defense Forces and mostly unarmed Palestinian rioters, 47 Palestinians were killed and 1,885 were injured. This was disastrous not only for peace but also for any economic growth, including tourism that had occurred in the Oslo period as Israel locked out the West Bank and Gaza Strip to travelers. Consequently, fewer tourists arrived to the area and those who did arrived via Israeli-owned tourist operations.

Due to the removal of many settlements in Gaza and the West Bank in 2004-2005, tensions diffused. The international attitude toward West Bank travel lightened and tourism-related industries and services prospered from 2004-2007. From 2007 to 2011, several events coincided to cause a sustained economic downturn across the board. First, political uncertainty and international negative views rose as a result of the Palestinian political split between Hamas and Fatah in 2007. Second, the Israeli attacks on the Gaza Strip in December of 2008 and January of 2009 cooled global tourism to the region for fear of violence in the region. Thus, many hospitality and tourism indicators took a downturn. Third, the global recession hit the global tourism industry hard everywhere. Airlines and tour agencies began offering better rates and incentives for travelers in 2009. Group tours to places such as the Holy Land tours stimulated tourism numbers. Thus, since 2009, tourism indicators have exhibited upward trends. Better overall tourism numbers in addition to perceived stability in the region and enhanced security measurements carried out by Palestinian Authorities, tourism has slowly recovered.

Tourism indicators in Bethlehem: Current trends

Overnights and number of hotel guests in Palestinian hotels according to nationalities varied throughout the period between 1999 and 2010 (Table 2, 3). As seen in the general review above, local overnights and hotel guest numbers fluctuated according to the internationally-perceived political situation in the region. This calm period coincided with an 800% increase in overnights realized in Palestinian hotels from 2005 and 2008. This ended around the time of Israel bombing of the Gaza Strip in late 2008 and early 2009. Hospitality numbers have shown an increase since 2009. In Bethlehem, index numbers of hotel guests according to nationalities also show fluctuations that parallel the roller coaster political environment in the region (Table 4).
### Table 2
Index numbers of overnights in Palestinian territories according to nationalities 1997-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Palestine</th>
<th>Arab states</th>
<th>Israel</th>
<th>Asia</th>
<th>US &amp; Canada</th>
<th>Other Americas</th>
<th>Europe</th>
<th>Other European states</th>
<th>Africa</th>
<th>Australia &amp; New Zealand</th>
</tr>
</thead>
<tbody>
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<td>1997</td>
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<td>100</td>
<td>100</td>
<td>100</td>
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<td>100</td>
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<td>1998</td>
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<td>133</td>
<td>146</td>
<td>87</td>
<td>90</td>
<td>74</td>
<td>87</td>
<td>103</td>
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<tr>
<td>1999</td>
<td>173</td>
<td>215</td>
<td>240</td>
<td>196</td>
<td>104</td>
<td>92</td>
<td>138</td>
<td>160</td>
<td>157</td>
<td>201</td>
</tr>
<tr>
<td>2000</td>
<td>192</td>
<td>145</td>
<td>219</td>
<td>347</td>
<td>95</td>
<td>198</td>
<td>168</td>
<td>138</td>
<td>258</td>
<td>364</td>
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<tr>
<td>2001</td>
<td>193</td>
<td>24</td>
<td>28</td>
<td>193</td>
<td>21</td>
<td>37</td>
<td>16</td>
<td>11</td>
<td>53</td>
<td>129</td>
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<tr>
<td>2002</td>
<td>242</td>
<td>2</td>
<td>36</td>
<td>126</td>
<td>21</td>
<td>98</td>
<td>11</td>
<td>9</td>
<td>108</td>
<td>91</td>
</tr>
<tr>
<td>2003</td>
<td>316</td>
<td>14</td>
<td>82</td>
<td>106</td>
<td>22</td>
<td>7</td>
<td>14</td>
<td>4</td>
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<td>36</td>
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<tr>
<td>2004</td>
<td>381</td>
<td>12</td>
<td>114</td>
<td>206</td>
<td>30</td>
<td>13</td>
<td>19</td>
<td>11</td>
<td>51</td>
<td>28</td>
</tr>
<tr>
<td>2005</td>
<td>361</td>
<td>22</td>
<td>149</td>
<td>387</td>
<td>44</td>
<td>17</td>
<td>31</td>
<td>7</td>
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<tr>
<td>2006</td>
<td>191</td>
<td>30</td>
<td>218</td>
<td>373</td>
<td>38</td>
<td>136</td>
<td>40</td>
<td>32</td>
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<tr>
<td>2007</td>
<td>280</td>
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<td>192</td>
<td>81</td>
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<td>2008</td>
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<td>233</td>
<td>811</td>
<td>80</td>
<td>202</td>
<td>144</td>
<td>259</td>
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<td>2009</td>
<td>423</td>
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<td>673</td>
<td>108</td>
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<td>2010</td>
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<td>379</td>
<td>884</td>
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<td>280</td>
<td>144</td>
<td>249</td>
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</tr>
<tr>
<td>2011</td>
<td>517</td>
<td>134</td>
<td>356</td>
<td>1,020</td>
<td>99</td>
<td>330</td>
<td>264</td>
<td>1,904</td>
<td>1,904</td>
<td>436</td>
</tr>
</tbody>
</table>


### Table 3
Index numbers of hotel guests in Palestinian territories according to nationalities 1997-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Palestine</th>
<th>Arab states</th>
<th>Israel</th>
<th>Asia</th>
<th>US &amp; Canada</th>
<th>Other Americas</th>
<th>Europe</th>
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A closer look at the origination points of these guests shows interesting results. Most of the guests who visit Bethlehem are from Asia, the Caribbean and Latin America. This could be due to several factors, though these are assumptions that should be analyzed in subsequent research. First, these regions experienced colonialism of their own and thus could sympathize with Palestinians. However, this could simply be a geographical phenomenon as every continent, save Europe, was at one time affected by colonialism. Second, the news services of these regions could either be pro-Palestinian or not unabashedly pro-Israel as are most US-based media services. This phenomenon is demonstrated in Sonmez (1998) and Sonmez and Graefe (1998) as US travelers showed a statistically significant aversion to locations with temporally isolated political instability or violence than other states measured. Third, these travelers...
are generally uninformed of any violence or unrest in the region. China, for instance, has censorship policies that could reduce the flow of information on political instability and civil unrest, which would make Chinese travelers potentially unaware of unfolding violence. A review of those policies and the information being censored would needed. Fourth, they are mostly pilgrims who feel as though risk in pilgrimage travels is desirable as it adds an element of hardship to their travels. Collins-Kreiner et al. (2006) demonstrated this was the case for some pilgrims to the Holy Land.

If compared with other neighboring countries, Palestinian territories receive fewer tourists than Jordan and Israel (Al-Rimmawi, Al-Khateeb & Kittaneh, 2013) (Table 5). Tourism to neighboring Jordan was not affected by the political instability in Palestine. This has indirectly aided Israeli tourism as those who visit Jordan often also visit Israel as arranged tourism packages. International tourists in Israel usually visit Palestinian territories in general and Bethlehem in specific for few hours and then go back to Israeli hotels. Palestinians do not get any economic benefit from tourists who visit Israel because they do not control their borders or the flows of tourists within them.

Table 5
Index numbers of tourists arrivals:
West Bank (Palestine), Jordan and Israel, 1997-2008

<table>
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Potential tourism-related economic growth in Bethlehem

The preceding data analysis supports the assumption that fluctuations in tourism and hospitality numbers, in this case for Bethlehem, are positively correlated with periods of varying regional political stability and global economic growth. In periods of turmoil and economic uncertainty, tourism and hospitality indicators dipped. In recent years, Bethlehem and the West Bank overall has not seen the level of recovery and growth expected if political and economic stability were the only pertinent issues.
In fact, growth in the current context for the West Bank is hindered not so much by violence and economic recession but by institutional insufficiency and the limiting realities of occupation. Increased economic liberalization and reduced spatial restrictions of Palestinians would free the economic growth potentials for Palestinian tourism.

The Bethlehem Economic Study (Hilal & Gareib, 2011) and Bethlehem Tourism Master Plan (Alternative Business Solutions, 2011) produced economic assessments and near-future plans for realizing the potential economic growth of Bethlehem. The Master Plan provided comprehensive data gathering and assessment of the regional capabilities for economic growth in several sectors. The plan sets out a three-part strategy for economic stability and growth that all future investment would support. They include local commodity substitutions, business complementation strategies to keep production and services local, and developing potential sustainable economic sectors to promote growth. The district’s economic capacity is tied primarily to agriculture/husbandry, construction, retail/commerce, environmental resources, and tourism. The Study’s assessment of existing economic indicators for potential growth revealed that construction and tourism showed the greatest potential for quick return on investment, with tourism as the more sustainable and lucrative of the two.

Both reports returned favorable ratings for several important local factors for development in tourism and hospitality. The demographic makeup of the district is ideal for tourism and hospitality industries. The district has a large young, unemployed population with entrepreneurial potential ready to be unleashed within the right business and investment milieu. There are also many skilled craftspeople whose production of unique, local goods for tourist souvenir consumption is an added value to the regional tourist draw. There is also underdeveloped hospitality capacity that could expand considerably with key infrastructural improvements. The most important limiting factor for growth is, in a word, occupation. In practical terms this means the limitations of checkpoints, appropriated agricultural land, lack of adequate utilities, restrictions of movement and economic activities, absence of proper banking and finance, inability for government institutions to support businesses, and the inability to develop necessary capacities for growth are the most important limiting factors in Bethlehem. Without cooperation between Palestine and Israel, entrepreneurs cannot acquire proper licenses or required startup funds. Businesses cannot get short-term loans to keep up payments, hire new workers or begin new projects. Costs of travel and shipping are exorbitant and risky due to the many travel restrictions, checkpoints, and capricious decision-making of checkpoint guards regarding travel access. While Palestinian authorities must take responsibility for implementing improvements, they are not in a position to do so without help from foreign investment which depends directly on Israeli cooperation. Thus, the greatest responsibility falls to Israel to reduce occupation-related restrictions on tourism development.

Traditional geopolitical negotiations follow a prosperity through peace path, this situation has up till now proven to be intractable from that approach. A peace through prosperity method seems much more attainable and politically acceptable for both sides. Economic growth is not the answer to territorial disputes, obviously, but it can be a deterrent to violent activism and potential radicalism of disaffected, educated, and unemployed Palestinian youth. Potential violence remains Israel’s justification for the wall and checkpoints, yet oppressive occupation generates the conditions under which young Palestinians might turn to violent resistance in absence of viable alternatives. Thus, stability in Bethlehem, and the West Bank as a whole, begins with cooperation on the implementation of the
aforementioned improvements to Bethlehem’s tourism industry capabilities, which in turn could provide inroads to possible future peace.

Summary

Time series methods demonstrated inbound tourist flows in the city of Bethlehem from 1994 and 2011 fluctuated with periods of unrest and occupation restrictions on businesses and intraregional travel throughout the Palestine, in addition to the global economic climate. Economic research on the role of tourism in economic development suggests both Palestinians and Israelis operating in the area could benefit from peaceful, equitable, alternative and sustainable tourism practices in the West Bank. Israeli-Palestinian cooperation strategies have heretofore been limited, one-sided, and subservient to security concerns of Israel’s occupation of Palestinian land. These strategies have hindered the potential tourism benefits for local Bethlehem residents. Authorities in Bethlehem must implement reforms essential for any substantial Palestinian tourism development. Several of them are only possible through Israeli cooperation while others can be accomplished with better Palestinian Authority governance and foreign investment. Improvements include: renovation to tourism facilities and hospitality services infrastructure (food, hotels, retail, attractions, and tours); repair and expansion of city infrastructure to adequately handle increased volume as well supply high end traveler services in telecommunications, purchases, and banking; ease of travel throughout the tour experience; adequate institutional services and support for businesses including funding for startups; and community-based training for tourism-related jobs plus self-employment and entrepreneurial opportunities.

While Palestinian Authorities must take responsibility for implementing these changes, it is not in a position to do so without help from foreign investment and Israeli cooperation. Thus, economic stability in Bethlehem, and the West Bank as a whole, begins with cooperation on the implementation of the aforementioned improvements to Bethlehem’s tourism industry capabilities, which in turn could provide inroads to greater political stability and possible future peace.

Concluding remarks

The inherent desirability of the Holy Land for pilgrim and heritage tourism endows Bethlehem, and tourism-related businesses located there, with a sustainable foundation for economic growth. While this economic promise holds true of Israeli-owned tourism, the vast economic potential for Palestinian-owned tourism goes largely unrealized due to its position within a morass of obstructionist policies, immobilized investment, heavy competition with Israeli-based tourism, encroachment of Palestinian spaces, and stifling security. While prevailing conditions of economic stagnation interspersed with periods of limited growth have defined Palestinian-owned tourism in Bethlehem, recent geopolitical shifts could provide a window of opportunity for scaled development in Palestinian tourism and hospitality industries.

On November 29, 2012, the UN General Assembly overwhelmingly voted to accept UN Resolution 67/19 that upgraded Palestine within the UN to ‘Non-Member Observer State’ status (UN Press, 2012). This equates Palestine within the UN with the Holy See of Vatican City, implicitly recognizing Palestine’s sovereignty, and allowing for referral of grievances with other states to the International
Criminal Court (Rudoren & Hadid, 2015). Consequently, the UN has adopted the title of ‘State of Palestine’ instead of the previous 'Palestinian National Authority'. Also, in 2013 it began seating Palestinian President Mahmoud Abbas in the ‘Heads-of-State’ beige chair (Yoon, 2013). These are symbolic geopolitical acts demonstrating the General Assembly’s growing push for a permanent resolution to Palestinian independence instead of its longstanding exceptional status lacking full territorial autonomy and authority. Then, after the shootings at the weekly satirical magazine, Charlie Hebdo, on January 7, 2015, Palestinian President Mahmoud Abbas was seen front and center among several leaders of the world’s most powerful states participating in the march in Paris condemning the shootings, later referred to as the ‘Je suis Charlie’ campaign (Melander, De La Hamaide & Ponthus, 2015). It was also on January 7, 2015 that the UN accepted the State of Palestine’s becoming a member to the ICC (Al Arabiya News, 2015). This is more layered symbolism, which tacitly implies Palestinian inclusion into the international community. More recently, on May 13, 2015, the Vatican made two significant moves that demonstrated strong support by Pope Francis of Palestine and its bid for total sovereignty and independence from Israeli occupation. The Pope and Abbas sign a treaty that officially recognized the State of Palestine. A few days later, the Pope conferred sainthood on two 19th century Palestinian nuns (Lee, 2015).

While none of these aforementioned events are terribly ground-shaking, they are significant. Modern statehood requires mutual recognition of territorially-based sovereignty by other members of the international community, even if it is ambiguous, contested, and often purposely violated (Krasner, 1999, 2001; Gregory, 2005; Agnew, 2009). As the State of Palestine gains recognition piece by piece, Palestinian leadership must seize their opportunities, where possible. By this we mean that the security and prosperity of the State of Palestine must be put on the map of international consciousness and the best means of accomplishing this makeover campaign, while also strengthening its economic base and alleviating demographic pressures, is through denouncing violent activism and fostering economic development. Tourism provides a ready-made economic path from poverty and violence. Tourism also creates positive memories for visitors, who, by sharing their stories back home, provide free positive publicity. It also increases state equity and revenues needed for state-building (Cohen-Hattab, 2004; Gelbman, 2008; Chaitin, 2011; Hall, 2013; Issac, 2013). On June 15, 2015 the UNWTO held the International Conference on Religious Tourism in Bethlehem. This was a moment for both the UN and the State of Palestine to build upon recent international momentum. The fruits of the conference will not be immediately known, but the short-term must include the mobilization of infrastructural and demographic capital, entrepreneurial energies, political will, and investor confidence toward the expansion of tourism-related industries. The UN can show further commitment to the burgeoning State of Palestine by being a key arbitrator on behalf of Israeli security on one hand and Palestinian freedom for entrepreneurialism and tourism-related expansion on the other. The stalemate in negotiations aimed at permanent resolutions and comprehensive peace stems from the intractable positions on both sides regarding the nature and meaning of disputed territory and who has rights to what and where, a goal unlikely to be reached in the short-term in the case of Palestine. Our concern here is easier, quicker path of letting economic development, in this case pilgrimage, tourism, and hospitality-related industries, to do the heavy lifting in paving a path for stability in the West Bank through economic growth, thus fostering better relations between Israel and Palestine. The incentives for Palestine are plenty, but without outside intervention, namely the US and UN, there are few incentives for Israel to allow for such development. This is the hurdle to
overcome. However, it is not our goal here to answer the question of what exact course of action the US or UN should take to incentivize the Israeli negotiations on economic expansion in Palestinian tourism-related industries. Instead, we review the potential gains of this possible path for the Palestinian people, which in turn aids Israel, as peace and prosperity are intertwined.

References


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